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Balanced Budget Within Reach

Senate, Governor Fund Spending Priorities Without Raising Taxes In GOP Budget Plan

LANSING – Senate Majority Leader Ken Sikkema said Republicans and Governor Granholm can achieve their budget priorities without raising taxes under a GOP Senate plan to balance Michigan's \$38 billion annual budget.

"We have a plan to balance the budget without raising taxes," Sikkema said. "Big pieces of the budget are in place and it will be completed within the next few weeks. The major budget disputes that threatened to keep us here all summer are addressed in the Senate plan."

Sikkema, R-Wyoming, said Senate Republicans have crafted a budget that fills revenue gaps between what Granholm proposed in March and the actual sources for those funds. That gap of \$731 million has been a major point of disagreement between Republicans and the Democrat governor. Sikkema added the Senate plan includes a surplus of \$171 million.

"We're going to have a few minor skirmishes on the budget, but the big pieces are pretty much in place," Sikkema said. "We are in an excellent position where all sides can achieve their budget priorities without raising taxes or implementing devastating cuts to critical government services."

The Senate proposal achieves a balanced budget by a combination of new revenue sources, funding adjustments and a portion of the emergency budget aid for states recently signed into law by President Bush. The Senate balances the budget through the following revenue sources:

- \$19 million in Tax Policy Changes (Granholm Proposal)
- \$75 million from the Driver Responsibility Program (Senate Proposal)

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- \$40 million from Claim It Correctly Program (Senate Proposal)
- \$120 million in new fees and fee increases (Granholm Proposal)
- \$167 million from Federal budget aid to fund Education Deficit (Senate Proposal)
- \$250 million in concessions from state employees, specifically foregoing a planned 3 percent pay increase in 2004 (Granholm Proposal)

Sikkema and Senate Appropriations Committee Chairwoman Shirley Johnson, R-Royal Oak, said they would like to see the \$171 million surplus from the remaining Federal emergency budget aid go to the state Budget Stabilization Fund, where it can help ensure Michigan's continued top bond rating and would be available to shore up unforeseen future funding shortfalls.

"When you consider where we started with this budget, it is quite an accomplishment to say we have balanced the budget, held the line on taxes and managed to put some money away for a rainy day," Johnson said.

Sikkema and Johnson said the full Senate will take up the GOP proposed budget solutions next week with House and Senate budget conference committees hammering out final details in the following week.